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SUBJECT: NOVEMBER TIFA TALKS IN ABUJA UNDERSCORE GON
ECONOMIC POLICYMAKING INEFFICIENCIES

REF: Abuja 1942

11. (SBU) Summary. Assistant USTR for Africa Liser held talks in Abuja on November 11 with Nigerian economic officials in the context of the annual meeting of the U.S.--Nigeria Trade and Investment Framework Agreement (TIFA) Council. The discussions included a trade capacity building seminar on the U.S. African Growth and Opportunity Act (AGOA) and focused on intellectual property rights and tariffs and bans on U.S. goods including and textiles. Reflecting bureaucratic inefficiency, the GON had not approved a communiqué of the TIFA talks as of December 2. Similarly, it took nearly three weeks following the talks' conclusion for the GON economic ministries to clear a letter to USTR Zoellick removing a ban on U.S. textile imports. The GON's disorganization before and after the TIFA talks underscores how difficult it is for GON reformers like Finance Minister Ngozi Ikono--Iweala to "deliver the goods." End summary.

12. (U) On November 11 in Abuja, Assistant USTR for Africa Liser held talks with Nigerian economic officials in the context of the annual meeting of the U.S.--Nigeria Trade and Investment Framework Agreement (TIFA) Council. The talks included a trade capacity building seminar on "Maximizing the Benefits of AGOA (African Growth and Opportunity Act) in Nigeria." Nigerian Minister of Commerce Minister A.D. Idris Waziri led the GON delegation, while Florie Liser was assisted by Laurie--Ann Agama, USTR director for African affairs; Alicia Robinson--Morgan, U.S. Department of Commerce deputy director, Office of Africa; Roxana Henderson, U.S. Department of Agriculture (USDA) international trade specialist; and USDA attach Jamie Rothschild. The talks focused on intellectual property rights (IPR), GON tariffs and bans on U.S. exports, and Nigeria's hope for increased textile exports under AGOA.

Intellectual Property Rights Protection

13. (U) A/USTR Liser described Nigeria as the largest African market for pirated U.S. goods and requested specifics on Nigeria's protection of intellectual property rights (IPR). John Asein, assistant legal director of the Nigerian Copyright Commission (NCC), replied that Nigeria's Office of the Presidency is strongly committed to an anti--piracy policy. Asein remarked that Nigeria has copyright inspectors, whom he termed the first line of defense, and that Nigeria has a CD registration/inspection system that monitors the production of music CDs. "There is adequate legal machinery in place" to uphold the protection of IPR in Nigeria, Asein asserted. Asein noted, however, that Nigeria's private--sector participation in intellectual--property protection is weak, and that the Nigerian private sector can't or won't do much about the problem. Asein said Nigeria is encouraging companies to reenter the market place, but holders of IPR need to regain confidence that their rights will be protected before they do so.

14. (U) Fred Agah, director of the Ministry of Commerce 's External Trade Department, said the Ministry of Commerce has created the framework for an IPR regime, and especially for alternative dispute resolution. According to Agah, draft legislation dating to 2002 aims to reduce the time needed to produce results, and to establish an institution similar to the United States' International Trade Commission (ITC) to investigate complaints in a transparent manner. Commerce Minister Waziri added that the GON is trying "everything possible" to protect trademarks, but he provided almost no specifics to accompany this assertion.

Tariffs and Bans on U.S. Goods

15. (U) Assistant USTR for Africa Liser highlighted the importance of investor certainty and policy predictability and consistency, and explained how import bans and tariffs

undermine such an environment. The USDA representative then requested a product--by--product listing of all U.S. goods that Nigeria has banned or on which it has imposed high tariffs. Fred Agah replied that such a listing might not be available because the GON plans to implement a new tariff regime by July 1, 2005. Agah said some changes in classification could be phased in as early as January 2005 and imports will be classified according to four categories. He defined these categories as "essential goods," on which no duty will apply; "inputs," which will face a 5--percent duty; "intermediate goods," on which will be levied a 15--percent duty; and "finished goods," the duty on which will be 20 percent. The Federal Executive Council (cabinet) must approve the four categories of imports. Agah said the GON is formulating its policy regarding what are finished goods, which he explained are goods destined for use in Nigeria. Further deliberations are necessary because some goods, such as educational materials, will be duty free because they are essential, but are nonetheless finished products. Agah also said the import bans would be lifted by 2007.

16. (U) Commerce Minister Waziri had said the United States' low level of imports of Nigerian non--oil products is prima facie evidence the U.S. tariff system discriminated against Nigerian goods, especially textiles. A/USTR Liser responded that when Nigerians say they cannot sell in the U.S. market, this doesn't signal a market access issue but rather a trade capacity issue. After Liser made clear that Nigeria's inability to compete in the U.S. market reflects unfavorable comparative costs and inadequate product marketing rather than U.S. market barriers, Waziri acknowledged that "the [United States'] door is wide open," but repeated that Nigeria's non--oil sector "can't compete" in international markets.

17. (U) Gladys Sasore, President Obasanjo's AGOA advisor cum CEO of the Nigeria Export Promotion Commission and special adviser to Obasanjo on export programs, disclosed that Chinese companies counterfeited copyrighted traditional Nigerian print designs. She said six Nigerian textile companies have closed down because of this practice. In the northern city of Kano, Sasore declared, 90 percent of printed cloth is counterfeited, meaning that the cloth itself bears an inaccurate statement of where the cloth was produced. A/ USTR Liser responded that Nigeria could implement safeguard measures to combat dumping since China's World Trade Organization (WTO) accession agreement authorizes the use of special safeguards to prevent "market disruption." Commerce Minister Waziri replied that he knew nothing about the relevant provision. Liser responded that USTR could provide Nigeria relevant documentation.

Nigeria's Erratic Preparation for the Talks

18. (SBU) The GON's planning for the TIFA Council was poor, and it was evident repeatedly during the session that the Nigerian side had prepared inadequately for these talks. Two days before the session began, Nigeria's various agencies had not yet decided each ministry's role in the talks nor which officials would represent Nigeria, nor had the Ministry of Commerce ---- the TIFA Council's host ---- sent out invitations to other GON ministries to participate in the session. Once the talks opened, the "program of events" that the Nigerian side distributed stated it was a "draft" document. Also, Commerce Minister Waziri, who was an opening speaker at the TIFA Council, arrived late, noting that his staff had not informed him of the session's correct starting time. Near the end of the talks, a Nigerian aviation official interjected to use this TIFA trade--promotion session as a forum to urge the U.S. Federal Aviation Authority to provide technical assistance, safety and security equipment, and fire trucks to Nigeria.

Precursory Side--Show

19. (SBU) Minister of Finance Ngozi, who did not participate in the TIFA talks, got caught up in similar disorganization elsewhere. On November 10, the evening before the TIFA Council met, Ngozi had arrived more than three hours late for a reception at Ambassador Campbell's residence. Ngozi had agreed earlier to meet with A/USTR Liser at the residence on what later became an hour--long discussion on the removal of Nigeria's ban on selected textile products of U.S. origin. She arrived late because she had to attend GON meetings seeking to avert a threatened nationwide strike over higher gasoline prices. This strike was set to start in five days. The Nigeria Labor Congress had announced on October 14 its determination to carry out such a labor action. (Begin comment. The threatened strike was called off on November 15, one day before it was to begin. Ngozi's delay in meeting with the U.S. delegation on a trade issue extremely important to Nigeria highlighted the lack of depth on the GON's economic--policymaking "bench," as well as the

GON's consistent failure to address seriously the strike issue earlier, the threat of which had been made three weeks before the meeting at the residence with A/USTR Liser. End comment.)

Comment

110. (SBU) Although up to 20 Nigerian officials were present at the talks at any one time, Fred Agah, director of the Commerce Ministry's External Trade Department, was the only unquestionably capable official present representing Nigeria that day. Aside from Agah, no Nigerian officials present evinced substantial knowledge of WTO accession treaties and the related protection they offer to WTO members. Because the GON has few trade experts and its bureaucracy is inefficient and ineffective, Nigeria's commerce minister had yet to release a GON interagency approved communique of the TIFA talks as of December 2. We will transmit the text of the approved communique asap.

111. (U) The TIFA talks were held at the Abuja NICON Hilton, one of the capital's two international--class hotels. During the discussions, and later at an evening reception also at the Hilton, the electricity supply failed perhaps seven times. Although the hotel's generators provided some backup power, the NICON Hilton's air conditioning system operated either negligibly or not at all during the day and that evening. The stifling resulting heat, which provoked participants' dozing off during the day and may have accelerated the evening reception's premature conclusion, was vivid evidence of Nigeria's continuing infrastructure problems from which even its supposedly international--class hotels are not exempt.

112. (SBU) The TIFA Council talks were particularly important because they made it possible for the U.S. Del to reconfirm to the GON our concerns about Nigeria's ban on U.S. textile products (reftel). This issue was the core of the discussion between A/USTR Liser and Finance Minister Ngozi on November 10 at the Ambassador's residence. Despite Ngozi's having promised that evening to send a letter to USTR Zoellick by November 14 clarifying the matter, it took the better part of three weeks following the TIFA talks for the GON's economic ministries to conclude their interagency review of the letter in question. It finally was given to us on December 2 despite our repeated attempts to obtain it earlier. The GON's bureaucratic inefficiencies, as exhibited before and after the TIFA talks, underscore the immense difficulty of economic reformers like Ngozi to "deliver the goods," regardless of their substantive skill and closeness to President Obasanjo.

CAMPBELL